



State of South Carolina

Office of the Governor

MARK SANFORD
GOVERNOR

POST OFFICE BOX 12267
COLUMBIA 29211

May 2, 2007

The Honorable André Bauer
President of the Senate
State House, 1st Floor, East Wing
Columbia, South Carolina 29202

Dear Mr. President and Members of the Senate:

With regret, I am hereby vetoing and returning without my approval S. 451, R-29.

I say this because I have grown to have a great deal of respect and admiration for Senator Courson who was very deliberate in his work in putting this bill together.

This legislation would allow Clemson University and the University of South Carolina to raise the debt ceiling from \$60 million to \$200 million for athletic facilities.

Both universities are to be commended in their efforts to better prepare our young people for a brighter future. Their athletic programs are also an important part of college and the extracurricular activities for their students. To this end, we have previously signed legislation for both schools that would increase the bonding capacity for athletic facilities.

However, I believe at some point we have to stop and look closely at the likely long-term effects of this type of legislation, and this veto represents this stopping point for our administration. Specifically, I am concerned that this type of legislation may ultimately lead to increasing both the tuition burden for students and the debt across the state they will one day inherit.

First, since taking office, I have advocated for a more coordinated higher education system so that we can better utilize the money in our education system – and therefore make it more affordable. Our concern has been timely given a recent rating of state higher education systems ranked South Carolina as an “F” regarding our state’s affordability. Having a post-secondary program will serve little purpose if our children cannot afford to participate.

Since 1990, South Carolina’s in-state tuition at public schools has increased 244 percent. Last year, the Higher Education Pricing Index increased only 3.5 percent, while the average tuition for public four-year universities increased 12 percent – making us the highest among all Southeastern states for in-state tuition. South Carolina also spends the second-highest amount on higher education as a percent of our budget among Southeastern states. Nationwide, only six states dedicate a greater percentage of their budget to higher education than South Carolina. Yet, South Carolina’s in-state

The Honorable André Bauer
May 2, 2007
Page 2

tuition is double that of Florida, Georgia, and North Carolina – three states that dedicate a smaller portion of their budgets to higher education. There are affordability problems for our students, and we believe it is important to be cautious of any changes that could, in any way, add to this problem.

This piece of legislation is tied to tuition cost, in this way - academic fees have been increased to cover the cost of athletic bonds. Though I understand this is not the current intent of either administration, it must be recognized that the University of South Carolina already depends on their students to help pay for the debt of athletic facilities by charging each student \$34 per semester. Given this bill would increase debt levels several fold – I am concerned if there were disruptions to the anticipated athletic revenue stream this could precipitate several fold increases in these student fees. Many would argue these fees are *de facto* tuition payments given that student attendance is not possible without these student fees.

Second, we believe our state is headed in the wrong direction regarding our amount of outstanding debt. In recent years, this problem has only gotten worse:

- State retiree benefits are under funded and amount to an \$18 billion liability.
- From 1997 to 2005, South Carolina's state tax supported debt increased 142 percent, from \$1.16 billion to around \$2.81 billion, making South Carolina's debt expansion the 14th fastest in the nation.
- South Carolina has more state debt per person than any other Southeastern state at \$3,100 – which is 72 percent greater than the Southeastern average.
- Clemson University and the University of South Carolina already have \$42 million and \$107 million respectively in outstanding debt tied to tuition.

Given the substantial nature of these existing promises it is our contention that we ought to address these financial liabilities first - before creating new ones. Past borrowing practices have created significant debts that will ultimately be borne by today's students. At some point, we have to take a hard look at where we draw the line in total indebtedness, and this bill is timely in the way it has forced our administration to take another look at the total debts of this state.

For these reasons, I am vetoing S. 451, R-29, and returning it without my approval.

Sincerely,



Mark Sanford

Cc: The Honorable John E. Courson